

Message Text

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PAGE 01 NEW DE 06663 191403Z

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ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 COME-00 TRSE-00

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P R 191745Z MAY 75

FM AMEMBASSY NEW DELHI

TO AMCONSUL CALCUTTA PRIORITY

INFO SECSTATE WASHDC 8776

LIMITED OFFICIAL USE NEW DELHI 6663

E.O. 11652: N/A

SUBJECT: OPIC CONTRACT OF GUARANTY NO. 1396--MCNALLY
PITTSBURG MANUFACTURING CORPORATION (MCNALLY)

REFS: (A) STATE 114414

(B) STATE 105224

(C) STATE 86933

(D) NEW DELHI 5227

(E) NEW DELHI 6346

1. EMBASSY DISCUSSED MCNALLY DIVIDEND REMITTANCE WITH MINISTRY OF FINANCE (MOF) JOINT SECRETARY BHANDARI WHO HAS INDICATED THAT MOF WILL ISSUE DIRECTIONS TO THE RBI FOR AUTHORIZING REMITTANCE IF MCNALLY BHARAT ENGINEERING COMPANY LIMITED (BHARAT) PROVIDES PROOF THAT IT HAS MADE AN APPLICATION TO THE RBI UNDER SECTION 19 SUB-SECTION 5 OF THE FOREIGN EXCHANGE REGULATION ACT TO DILUTE MCNALLY'S SHARES. BHANDARI WOULD LIKE TO RECEIVE FROM BHARAT A COPY OF THE APPLICATION TO THE RBI.

2. IN ADDITION, BHANDARI WOULD LIKE TO RECEIVE LETTER FROM BHARAT INDICATING SPECIFICALLY WHAT EFFECTIVE STEPS IT HAS TAKEN TO COMPLY WITH THE SEPTEMBER 30, 1974 CONSENT ORDER OF THE CONTROLLER OF CAPITAL ISSUES. BHANDARI STATED THAT IF BHARAT TAKES FOREGOING ACTION SUGGESTED IT MAY BE POSSIBLE TO AUTHORIZE REMITTANCE OF MCNALLY'S 1973 DIVIDEND AT AN EARLY DATE.

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3. CONGEN IS REQUESTED TO IMMEDIATELY CONTACT PRAN PRASAD OR

DUA OF BHARAT AND REQUEST THEM TO PROVIDE COPY OF APPLICATION TO RBI AND WRITE TO BHANDARI. THE LETTER FROM BHARAT TO BHANDARI MAY BE SENT TO THE EMBASSY FOR TRANSMISSION TO BHANDARI UNDER A COVERING NOTE FROM THE COMMERCIAL COUNSELOR. IF BHARAT IS NOT AGREEABLE TO THIS, PLEASE SEND US COPIES OF BHARAT APPLICATIONS/LETTERS TO ENABLE US TO CARRY THE MATTER FORWARD WITH THE MOF.

4. FYI: BHANDARI IS MEETING WITH RBI OFFICIALS HERE IN NEW DELHI ON MAY 27-28 AND WOULD LIKE BHARAT TO FILE PAPERS NO LATER THAN MAY 23-24 TO ENABLE HIM TO ASK THE RBI TO PRESENT THE CASE AT THE NEW DELHI MEETING FOR CONSIDERATION AND ACTION. YOU WILL HAVE TO PUSH THIS MATTER HARD WITH BHARAT TO INSURE TIMELY COMPLIANCE BY THEM.

5. PLEASE ADVISE US OF BHARAT REACTION.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT GUARANTEES, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE06663
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750175-0578
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750539/aaaabjes.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 114414
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 05 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 AUG 2003 by izenbei0>; APPROVED <25 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC CONTRACT OF GUARANTY NO. 1396--MCNALLY PITTSBURG MANUFACTURING CORPORATION (MCNALLY)
TAGS: EINV, OPIC
To: CALCUTTA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006